MARCH 16, 1964

CHANGES IN THE
WORLD'S MEAT TRADE

PUBLIC LAW 480
AND ECONOMIC GROWTH

FOREIGN MARKET
FOR FEED GRAINS

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Building a road through the Negev Desert in Israel. On page 5, spokesmen for Israel and India report how Public Law 480 has helped their country's economic growth.

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Strong Demand and Short Supplies Bring CHANGES in the WORLD'S MEAT TRADE

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Strong consumer demand for meat in Europe as well as in the Near East and Japan, combined with a short fall in production in Eastern Europe and Argentina, has brought about—at least for the months immediately ahead—a number of changes in the world's meat trade. Chief among these are the temporary easement of import restrictions by a number of countries—particularly the Common Market countries and Japan—and their search for new sources of imports.

During the last decade world meat production has increased by one-third, in 1962 totaling 110 billion pounds in the 44 major producing countries. These same 10 years saw the world meat trade increase 50 percent, with shipments by the major exporting countries amounting to more than 7 billion pounds in 1962.

Some further increase in both production and trade probably took place in 1963; however, last year's unusually severe winter prevented the expected rise in meat output in Western Europe. It also appears to have caused unusually heavy liquidation of livestock in Eastern Europe and more-than-normal slaughter in Western Europe, with the result that Europe's pork production through the first half of 1964 and its beef production throughout the entire year are expected to be low, relative to the strong demand.

Except for the United States, and to a lesser extent the United Kingdom, meat production in importing countries has not kept pace with domestic demand; consequently, prices have risen, and additional imports have been sought. Japan, faced with rising meat prices—despite its own output expansion—last year authorized the import of pork from the United States, Taiwan, and Korea and imported more beef and mutton from Australia and New Zealand. And Western Europe, which in recent years has taken little but variety meats from the United States, imported moderate amounts of carcass pork and pork cuts from this country and began to show some interest in beef and veal, a situation that is continuing in 1964.

Shortages within the EEC

Several of the Western European countries have temporarily reduced some of their import restrictions, particularly the Common Market countries where the situation is as follows:

France reduced its variable import levy on pork carcasses from the equivalent of 7.8 cents per pound to 4.9 cents, on October 1, 1963; then on December 1 dropped it to 3.7 cents and on January 1 to 1.8 cents. The levy was increased to 3.7 cents on February 16 for the period ending March 31. Similar changes were made for pork cuts; also, French inspection regulations were adjusted to permit the entry of U.S. pork.

As with pork, France has chosen to increase beef imports rather than let consumer prices rise sharply or to rely on controlled prices, with probable rationing. In November beef was imported from Argentina and Uruguay, and late in January unspecified quotas from beef imports from non-EEC (European Economic Community) countries were established. Indications are that currently slaughter is at low levels while cattle numbers are being built back up.

The Netherlands had record-high meat production and exports in 1963, but because of strong demand—domestic, export, and re-export—prices for cattle, pigs, and meat have risen considerably. At the same time, price disparities within the EEC late in 1963 and early 1964 made Dutch livestock and meat attractive to France and Italy. Consequently, the Netherlands decided to meet its requirements mainly through increased imports rather than through export controls, and to this end it liberalized its import and inspection regulations somewhat.

The Netherlands began importing pork carcasses and cuts from the United States late last year and, in January, cut its import levy on processing beef from Argentina. However, it does not expect to reach any time soon the weekly average of exports to the United Kingdom to meet its year's quota of 13,000 long tons, under a recent agreement between that country and its major pork suppliers. Furthermore, no exports of mutton from the Netherlands are being permitted during February-April.

Belgium's cattle numbers at the beginning of this year were down 8 percent and hog numbers 17 percent, from those of a year earlier. Beef, especially for manufacturing, has been in relatively short supply since late 1963. In December, Belgium suspended the issuing of export licenses for pork as well as "license taxes" on imports of cattle from the EEC and third countries; it also reduced the import levy on pork from third countries. Purchases of frozen pork sides from the United States are expected to be made during the next few months.

Italy's imports of cattle and meat increased sharply in 1963. For the first 8 months of last year, slaughter cattle imports were about 445,000 head compared to 166,000 head for the same period of 1962; and imports of fresh and frozen beef totaled 200,000 metric tons as against less than 80,000. The 1964 outlook is for continued heavy imports, strong domestic demand, and possible price advances. Importers have shown some interest in U.S. pork, to be used for sausage manufacture.

West Germany, in the December 1963 census, showed 14 percent fewer slaughter hogs and 3 percent fewer cattle and calves than a year earlier. Hog slaughter is expected to continue below that of 1963 for the first half of 1964 and then to increase, and cattle slaughter is expected to be down 5 percent for the entire year compared with 1963. Even though cattle may be fed to heavier weights in 1963, beef production will probably be slightly lower.

Other meat-short countries

Denmark, the world's largest exporter of pork, has a complete embargo on imports of pork and pork products plus a system of export licenses and export fee controls to assure sufficient exports under bilateral trade agreements as well as adequate supplies for the Danish canning industry. Late last fall Denmark had difficulty satisfying both these needs because of the unusually favorable market situation in the EEC countries and Switzerland, and so for a few weeks the export fee levied on hams, shoulders, and carcass pork was raised considerably. The situation continues to be tight, and Denmark may not completely fill its quota of bacon shipments to the United Kingdom.

Sweden reduced its import levy on veal and veal calves in December and, because of a ban on imports from Denmark on account of foot-and-mouth disease, imported a small amount of veal by airfreight from the United States. In January the import levy went back to its previous level.

Israel imported 1,000 long tons of beef from the United States during December and January, at about double the price of Argentine beef usually imported. And in January *Algeria* bought 25,000 mutton carcasses and 25,000 live sheep from the United Kingdom; it is now seeking additional supplies from Hungary and Spain.

The three big countries

Argentina, which quite possibly had record highs in both beef production and exports last year, now has a shortage of beef for export. With pastures in excellent condition, producers are holding back cattle to rebuild herds; meanwhile, export prices have strengthened but not enough to prevent some packing plants from laying off personnel because of the shortage of slaughter animals. In January Argentina sought to postpone the shipping of some 16,000 long tons of beef to France, Portugal, West Germany, and Poland; and with shipments at about one-half of the scheduled level, packers do not expect to reach their British quota of 23,000 long tons for the second quota period of 1964 (March 9-April 4).

The *Soviet Union* is reported to have slaughtered livestock very heavily during the last half of 1963 because of a feed shortage. Pig numbers, which had been increasing for a number of years, dropped from about 70 million at the beginning of 1963 to about 41 million a year later; and cattle numbers, which had increased by some 3 million head during 1962 to a total of about 47 million head at the first of 1963, are now reported to have dropped in the last half of 1963 by 1.5 million.

The *United States,* which has had its problems as the only major meat importer with only a moderate tariff for economic protection, may benefit somewhat from the recent changes in the supply/demand situation for meat and the subsequent easing of import restrictions of foreign countries.

In 1962, U.S. pork production was just under 12 billion pounds, with more than 1 percent, or about 130 million pounds, being exported and just over 200 million pounds being imported. Last year production and imports were about the same as they were in 1962, but exports more than doubled, amounting to about 138 million pounds. As usual, most of these shipments went to Canada, but Japan entered the U.S. market for some 15 million pounds, and exports to the EEC countries increased from 2 million pounds to over 7 million. These EEC exports were mostly pork sides sold to the Netherlands and France. In addition, exports of variety meats, which averaged about 120 million pounds in 1960-62, increased to nearly 160 million in 1963.

As for 1964, it is expected that the EEC countries will continue to buy pork in the United States for several months, at least. For beef, the changes of the last few months in the supply/demand situation are more of a straw in the wind than anything else. The pressure on the U.S. market of world meat exports may be eased somewhat during the rest of this year by the temporary relaxing of import restrictions in various countries, especially the EEC group.

Left, in a Danish packinghouse sides of pork are examined before shipment to Great Britain for bacon. Below, one of West Germany's modern piggeries.

Public Law 480 Is Cited As Important To Economic Growth of India and Israel

One large country, India, and one small country, Israel, gave equal praise to the benefits derived from the U.S. Food for Peace program (Public Law 480) at a meeting of the Consultative Sub-Committee on Surplus Disposal of the Food and Agriculture Organization of the U.N., held in Washington in February.

Said Arun Ghosh, First Secretary (Economic), Embassy of India:

"There is no doubt in the minds of people in India that much of the success of our planning effort so far has been due to the availability of food grains and other agricultural materials on concessional terms. There is no doubt that we would have been forced to cut back on our development program and development expenditure if food aid were not available; and ironically, this would undoubtedly have affected our own food production program.

"It was the availability of food aid, and assurance of the availability of food aid over a comparatively longer period—namely, over the best part of the Third Plan—that gave us the flexibility and facility to plan boldly for an all-out investment effort, so as to even endeavor to lift the Indian economy from the vicious circle of poverty, low savings rate, and low productivity."

Said Adin Talbar, Economic Counselor, Embassy of Israel:

"This is a program, which has made a dramatic contribution to the development of many countries and to the immediate well-being of their peoples. While strengthening the beneficiary countries, the program has helped raise their absorptive capacity, their productivity, and their purchasing power to such a degree that they are becoming regular markets for commercial, international commodity sales. . : The P.L. 480 program is the 'bootstrap' by which emerging countries can raise themselves into the mainstream of international economic activity."

Following are excerpts from Mr. Ghosh's statement:

"One of the main features of our development program has been that we have attempted to have this development with stability of prices and stability of the internal system. . . . It is the general stability of prices made possible by a long-term agreement entered into in 1960, for the import of 17 million tons of food grains from this country under P.L. 480, Title I, that has enabled the Government of India to undertake the large development outlays during the Third Plan period."

India—questions and answers

"Another question that is asked in our country by many people who do not like to go on receiving assistance is whether without P.L. 480 aid we could and would have increased our agricultural production more. In other words, has P.L. 480 aid inhibited the growth of agricultural production in our country? This again is a question to which no definite answer can be given because one never knows what would have happened if certain things that did happen had not happened. . . . All I can say is this, if we had not had the P.L. 480 program, either we could not have undertaken the large development outlay that we did, in which case the increases in production that we have achieved might well have been even less, or we would have had a large increase in prices, resulting in instability not only of prices but also in our economy as a whole."

"I now come to another question. Frequently it is asked as to whether or not it would be advisable to have assistance by way of concessional food grains made available for certain project areas, that is, directly to labor specifically required for those projects. This is the approach lately being developed for the World Food Program. My own view is that, if aid is to be given to a country at all, it is best that such aid be given over-all, without being tied to projects, because development of a country cannot be maximized by concentrating merely on a few isolated projects. To get the best results one has to have an integrated program."

India builds a new dam

"Now, I come to another question which has been asked frequently in our country, and that is whether such assistance should be made available on a grant or a loan basis, and if on a loan basis, on what terms. Obviously, as a representative of a recipient country, I would say that the best way such assistance can be made available would be by way of a straightforward grant. . . . To the extent that assistance cannot be made available in the form of grants, it should at least be in the form of very long term loans with a concessional rate of interest, as otherwise the repayment burden would reduce the value of such assistance."

"There is one last question, and one in which all of you here have the greatest interest—that is the question of normal marketing. This is a very difficult area, and I know this is an area where I would be treading on the susceptibilities of a lot of my friends here. It would also not be fair if I did not recognize that all countries, even prosperous countries, have their own problems."

"There is, to my mind, an inherent difficulty in the definition of the word 'normal' because all the developing economies are countries which are primarily agricultural. They are countries where agricultural productivity is low; countries which, if they have to develop, must develop their own agriculture. . . . Therefore, in the long run they are not 'normal' importers of food grains. . . . The plain fact is that we are importers of food grains because we are underdeveloped, because of the present low productivity of agriculture in our countries, not because we are naturally and necessarily, and in the long run, net importers of agricultural products as some countries are."

"Over the last 10 years, our total imports have grown from something like $1.3 billion per annum to the present rate of around $2.3 billion per annum. We are clearly importing more from the world today than we were importing before the development program. Meanwhile, in the last 2 years when we had a tremendous foreign exchange crisis, all maintenance imports comprising essential raw materials were cut back drastically, to the extent that our industrial capacity was working in some industries at a mere 50 percent of capacity.

"I am sure nobody here would, in this context say that the 'normal' imports of food grains, set at an arbitrary level based on experience of a few years earlier, should and must continue at the level at which it occurred earlier when times were different. Surely, if it is a question of either our going without any imports whatsoever, or having imports on concessional terms from a country which is in surplus, the conscience of the world would vote for the latter."

How Israel has benefited

Following are excerpts from Mr. Talbar's statement:

"The purchase of surplus food commodities pursuant to the provisions of Title I of Public Law 480 has played a most significant role in the development of the economy of Israel during the 10 years since the inception of the program in 1955. The availability of these goods facilitated the establishment of basic food reserves and made possible the development of nutritional levels which otherwise would not have been possible. As a direct result of the flow of P.L. 480, Title I commodities, the Government of Israel was able to abolish distribution controls and to permit complete de-rationing of all commodities."

"P.L. 480 commodities did not compete with logica agricultural production; they were, on the contrary, com plementary in character, enabling Israel's farmers to switc to more profitable cultivation of cash crops and to mak more efficient use of limited land and water at their dis posal. This meant optimum utilization of Israel's resources and the economy received greater benefits from interna tional trade.

"On the other hand, the proceeds from the sale of com modities in local currency was fully utilized for countless development projects. The availability of large-scale addi tional investment funds brought about a permanent in crease in the total resources of the economy. Of major importance was the great deflationary effect the program had of holding down the rising price levels in a rapidly developing economy."

"Before the launching of the first P.L. 480, Title I program in 1955, Israel imported goods at a total cost of just over $300 million on an annual average during the years 1950-54. These annual imports ... consisted of $100 million worth of goods from the U.S. and $213 million from other countries, mainly Western European.

"In 1963 Israel's total imports had more than doubled over the figure of 10 years ago. The more than twofold increase of imports, however, consisting mainly of cash purchases has benefited both U.S. exporters and those of other countries. In this growth of Israeli imports, the U.S. has retained its proportionate share, continuing to supply about one-third of all goods purchased, while other countries have benefited equally by Israel's increased purchasing power for investment and consumption goods."

(With regard to commodities supplied Israel under P.L. 480 agreements, Mr. Talbar cited figures to show how these had prompted substantial gains in cash sales by the United States and other countries. In the case of feed grains, the United States increased its cash dollar sales from 26,000 tons in 1954 to 205,000 tons in 1963, while countries such as Turkey, Cyprus, and Argentina sold Israel 77,000 tons, more than double the quantity shipped a decade before. In this same decade, U.S. rice sales for dollars jumped from 300 tons to 2,350, and those of other countries mounted from 3,700 tons to 6,800. As for oilseeds, Israel is now the world's second largest importer of soybeans. In 1963 it bought for dollars from the United States the equivalent of 35,000 tons of oil, compared to 4,000 tons in 1954; it also bought larger quantities from other trading nations.)

"An essential element in the P.L. 480 program has been its stabilizing effect on young developing economies. In the case of Israel, beset with many pressing problems and a relatively decreasing but still very wide trade deficit, P.L. 480 sales, carefully planned and negotiated, have given us a feeling of security in the areas of vital basic supplies.

"The thought occurs that as long as there are hundreds of millions of people in the world who struggle for decent human living conditions, the sale of superabundant food should be planned by the U.S., as well as by other agricultural, developed nations which are so fortunate as to have evolved highly efficient methods of cheap large-scale production of food and other basic commodities. In other words, the U.S. P.L. 480, Title I program should be expanded, as should the World Food Program which has recently been started."

The FOREIGN MARKET for FEED GRAINS

By KOY L. NEELEY
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Another record is in prospect for U.S. feed grain exports. During the first half of fiscal 1964, shipments by the United States totaled 7,956,000 metric tons—approximately 700,000 tons more than in the same period of fiscal 1963; and for all of fiscal 1964, they are estimated at 15.6 million metric tons, about 2 percent above the fiscal 1963 record of 15.3 million metric tons.

Accounting for this gain will be increased exports of corn and grain sorghums. U.S. shipments of corn are expected to exceed the 10.5 million metric tons for fiscal 1963, especially if Soviet Bloc countries enter the market for sizable quantities. Grain sorghum exports should equal or exceed last year's record of 3 million tons. Shipments of barley and oats, however, are expected to decline somewhat, owing to reduced U.S. supplies and the larger than normal barley crop in Western Europe.

Western Europe importing less

Increased exports of feed grains to Japan are more than compensating for decreases in U.S. shipments to the countries of Western Europe.

U.S. shipments of feed grains to Western Europe during fiscal 1964 are expected to be about 5 percent below those of last year, mainly because of that area's record barley crop and the increased corn output in France and Italy. Further factors are Western Europe's large production of both hay and potatoes and its favorable pasture conditions. Also, there will be a sizable amount of feed wheat available from the poor quality wheat crop of last year.

The drop in U.S. shipments to Europe will be heaviest in some EEC countries—notably Belgium and West Germany—and in the United Kingdom. The European Economic Community, which takes by far the greatest amount of U.S. feed grains, is expected to import 10.9 million tons of feed grains from all sources in fiscal 1964 compared with 12 million last year. This decrease is due mainly to that area's good feed grain crops plus France's large exportable surplus—3 million metric tons—much of which is expected to be sold in intra-Community trade.

Eastern Europe shipping less

The decline in Western Europe's import requirements for feed grains, however, will not affect U.S. shipments as much as would be expected. The reason: Eastern Europe —usually a big supplier of feed grain to Western Europe— is having to reduce feed grain shipments because of its poor grain crop in 1963. Nations in Eastern Europe normally export a combined total of about 1.5 million metric tons of feed grains to Western European countries, but this year they are not only having to cut shipments but are also importing feed grains from Western Europe as well as from other sources.

U.S. shipments of feed grains to some West European countries—Italy, the Netherlands, and Spain—are expected to equal or even exceed previous levels. Of these countries, Spain is especially noteworthy. That country has evolved from a feed grain importer under P.L. 480 to a large dollar market. In the space of just 1 year—from fiscal 1962 to 1963—Spain more than tripled its purchases of U.S. feed grains, from 288,000 tons to 826,000. This gain can be largely attributed to Spain's expanding livestock industry, which is expected to continue to grow in the coming years as Spain's economy improves and its consumer purchasing power increases.

Japan continues to import more

Larger takings by Japan—the world's most rapidly growing feed grain market—are expected to offset the overall decrease in U.S. shipments to Western Europe. Last year, Japan imported 1.4 million metric tons of feed grains from the United States. During the first 5 months of fiscal 1964, it had taken almost that much—1 million tons—and for the entire year, its purchases from the United States should be well above the 2 million-ton mark.

One reason for this rise is the poor grain crop that Japan harvested in 1963, which necessitated a revision in the Japanese Food Agency's planned barley imports for the Japanese fiscal year 1963 (ending Mar. 31, 1964). Purchases of barley—a product which Japan has not imported in the past several years and which that country has only recently begun to use as a livestock feed—were revised to 300,000 metric tons from 181,500 tons. This figure includes 200,000 tons of feed barley and 100,000 of food barley. Japan also expects to import 2.4 million metric tons of corn and 790,000 of sorghums.

Another and more important reason is the rising feed grain requirements of the Japanese livestock industry, which has enjoyed tremendous growth as the result of the increasing popularity of livestock and poultry products in the Japenese diet. Japan's current plans are to double livestock and poultry numbers by 1970, thus practically insuring continued gains in its feed grain imports.

U.S. competitors

The outlook for fiscal 1964 feed grain exports by U.S. competitors appears to be mixed, with Canadian shipments likely to decrease while Argentine, Thai, and South African exports rise.

Canada's unusually heavy export commitments for wheat and flour are expected to cut down the availability of grain transportation facilities. As a result, Canadian feed grain exports will probably decline, even though Canada has more barley and oats than in fiscal 1963.

Argentine feed grain shipments for July-December of this fiscal year were below normal owing to that country's poor crop yields in 1963. It is expected, however, that for the entire year, Argentine exports may be greater than last year's as a result of the good barley crop recently harvested and the favorable prospects for corn and grain sorghums.

Thailand and South Africa have larger exportable supplies of corn than in previous years. The Republic of South Africa's corn exports have increased sharply in recent years—from 1 million tons in fiscal 1961 to 2.3 million in fiscal 1963. Indications are that the trend will continue.

Despite competition from these and other countries, the United States remains the principal source of feed grains, accounting for close to 50 percent of world exports.

Hike in EEC Levy on German Egg Imports Creates Problems in the World's Egg Trade

By ROLLAND E. ANDERSON, Jr.
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In early February, the Commission of the European Economic Community doubled the supplementary import fee on shell eggs from third countries, literally stopping non-EEC exports to the vital West German egg market. This action—the result of oversupply and falling prices in West Germany—is already having resounding effects on world trade in shell eggs. In addition, trade in egg products, hindered by high import levies in two of the three big markets, is declining, causing problems for the German importers as well as for U.S. and other exporters.

Problems not new

World trade in shell eggs during the past year and a half has been clouded by high import duties, especially in the Common Market where in July 1962 restrictions on poultry and eggs went into effect. These regulations put non-EEC countries at a considerable disadvantage. Not only did they have to pay a minimum import price and variable levy on eggs, but they also faced increased competition from German egg producers, who, encouraged by EEC's protectionist measures, increased output.

As a result, Germany's egg production rose substantially—to 9.7 billion eggs, or 75 percent of domestic requirements in 1963 from 8.9 billion in 1962. In turn, its egg imports dropped about 25 percent in 1963.

Despite this cut in imports, oversupply remained a problem in Germany. To discourage imports of eggs into that country, the EEC Commission in January 1964 imposed a supplemental levy of 3.4 cents per pound on shell eggs from third countries in addition to the already effective gate price of 22.2 cents per pound and the variable levy of 9.8 cents. During this same period, the levies on Dutch and Belgian imports of shell eggs were 5.2 cents and 3.6 cents per pound, respectively.

The following month, West Germany took even more drastic action, prohibiting the importation of shell eggs into that country without import licenses. For all practical purposes this meant a ban on egg imports.

West German authorities argued that the egg market was flooded with imports and that prices no longer covered West German producers' cost of production. But the Netherlands, the largest egg exporter to West Germany, maintained that increased domestic production, not imports, caused the depressed prices.

The EEC adopted the Dutch argument as its own, rejecting the application of the import ban to member countries. However, EEC Members reached a "gentlemen's agreement" under which they will undertake to see that their products are not offered on the West German market at abnormally low prices. At the same time, the Commission approved a 100-percent increase in the supplemental levy on shell egg imports from third countries—from 3.4 cents per pound to 6.8 cents—making total levies about 16.6 cents a pound or about 24.8 cents per dozen. This effectively destroyed the possibility of any further third country imports.

Danes seeking new markets

Hardest hit is Denmark, which at the time of the action was selling about half its egg exports to West Germany. Danish prices have fallen below cost of production, but since the Danes cannot store large quantities of eggs, they have been forced to sell at still lower prices in order to move some eggs to West Germany. In addition, Danes are selling eggs to other countries—including the United States—at whatever price they can get. If the situation does not improve, Danish egg producers will probably have to cease exporting and reduce output drastically to a level consistent with requirements of the domestic market.

In view of the number of layers placed in the first few months of 1964, it appears that the size of the laying flocks in Western Europe will be reduced significantly. Conceivably, the fall of 1964 could even bring a shortage of eggs in Western Europe.

Trade in egg products down

Trade in egg products has also declined. In 1963, shipments from the United States, Denmark, and Eastern Bloc countries fell substantially in the largest markets—the United Kingdom, West Germany, and Italy. These three countries take about 85 percent of all egg product exports.

EEC sets levies on egg products

With the imposition of EEC regulations on eggs and egg products in July 1962, third country suppliers encountered restrictive duties in two of the Big Three markets. The largest one—West Germany—set levies on dried whole eggs at 36.8 cents per pound, on frozen yolk at 18.6, and on dried yolk at 36.4. In addition, West Germany established gate or minimum import prices.

Since West Germany had no significant egg products industry prior to the EEC regulations, it is apparent that the high levies were intended to force the development of an egg products industry in the Community, irrespective of costs. This put a burden upon West German importers, who had to pass the high price along to consumers. In January 1963, West Germany appealed to the EEC Commission for permission to lower its duties on egg products used for pasta foods—macaroni, noodles, and spaghetti. Authorization was given in February to be effective through October of that year. At the same time, however, quarterly adjustments were made increasing the levy. By the end of the period, the levy on dried whole eggs had risen to 21.7 cents per pound, that on frozen yolk to 11.9 cents, and that on dried yolk to 23.3 cents.

This forced Germany to apply for an extension of the authorization to lower duties on pasta foods. Owing to slow working of the parliamentary machinery, final approval did not come until February 7, 1964. Retroactive to December 1, 1963, the reduction is valid through June of this year. Only countries to benefit from this, however, are EEC Members, since the EEC levies and additional supplementary fees preclude any third country imports.

These high duties have severely impaired non-Member trade with the EEC. West German imports in 1963 from the United States and Denmark were about half their 1962 levels, and those from Bloc countries, particularly Yugoslavia, were down sharply.

Tokyo Leather Show To Aid U.S. Hide Sales

At Leather Show, left, model wears suede swimsuit, and above, Japanese guests inspect latest shoe styles made from U.S. hides and skins.

The U. S. Leather Show at the Tokyo Trade Center which closed March 6 following a successful 10-day run is expected to stimulate bigger demand for leather products in Japan, with the U.S. hides and skins industry benefiting from the increase.

Attended by leading Japanese hide importers, tanners, and designers, the Show presented displays of new colors, stylings, products, and merchandising techniques developed by the U.S. leather and fashion industries.

On hand for the opening were U.S. Ambassador to Japan Edwin O. Reischauer, U.S. Agricultural Attaché Joseph Dodson, and heads of the U.S. Western States Meat Packers and the All Japan Leather Associations, co-sponsors of the Show.

Special morning programs featured talks by Japanese importers, a motion picture on the U.S. leather industry, and a fashion parade where more than 25 items of leather apparel were worn by top Japanese models.

Western States President L. B. Liljenquist predicted U.S. hide sales to Japan—last year at a record $31 million—should increase as a direct result of the Leather Show. First ranking buyer of U.S. hides and skins, Japan takes four times as much as the United States' next best customer.

U.S. Scientist Posted in Europe To Handle Food Law Problems

In a move to strengthen U.S. market development work overseas, the U.S. Department of Agriculture has just stationed a food scientist in Western Europe on a full-time basis to handle problems relating to food regulations that affect U.S. agricultural exports.

Clinton L. Brooke, an authority in the field of food science and technology, has been assigned to the new position. He will make his headquarters at the U.S. Mission to the European Community in Brussels.

In announcing the new post, USDA noted that a number of European food health regulations differ from those of the United States and in some cases operate as nontariff trade barriers and seriously inhibit U.S. exports of farm commodities, particularly of fruit, poultry, and grain.

Considerable misunderstanding of the scientific basis of U.S. food standards exists in Europe. To counter this situation, Mr. Brooke will be responsible for an expanded two-way flow of information between Europe and the United States on matters relating to food health standards. He will provide technical assistance to U.S. agricultural attachés and cooperating U.S. trade groups abroad; will analyze European food laws and regulatory programs; and will maintain contact with European officials and scientists.

He will also confer informally with members of the Food Code Commission established by the Food and Agriculture Organization and the World Health Organization to develop regional and international standards for a large number of food products.

Mr. Brooke was with Merck & Co. from 1943 to 1963 as enrichment products manager of its food products division, in charge of sales and marketing of nutritional supplements for the milling and baking industries.

He is a past president of the American Association of Cereal Chemists, and has been active in the Institute of Food Technology and American Association for the Advancement of Science. He has been an adviser and consultant to the Government and private industry on problems relating to nutrition and food-health legislation overseas and in 1962 received the William F. Geddes Award for service to the cereal industries.

California-Arizona Citrus Industry's New Market Development Plan To Continue Quality Emphasis

Overseas promotion of Western U.S. citrus fruit moved into a new phase last month with the signing of a market development agreement between the newly-formed California-Arizona Citrus League and FAS.

Under the agreement, the League will continue promotion begun in Western Europe in 1957 and will expand its market development program to include Japan and Hong Kong, where excellent potential markets for Western U.S. fruit are opening up.

The League is made up of the five companies which make all exports of California-Arizona citrus—and on whose behalf Sunkist Growers, largest of the five, has until now carried on market development in cooperation with FAS in Western Europe. The other four are: A. Arena Co., Blue Goose Growers, Inc., Pure Gold, Inc., and Ventura Coastal Lemon Co.

With competition keen in the West European market from citrus-producing Mediterranean countries, California-Arizona market development has concentrated on getting as big a share as possible of the summer fresh fruit market, mostly for lemons and oranges. At this time of the year, Italian production of lemons slacks off and California lemons to all intents take over. The biggest U.S. competitors in oranges during this period, Brazil and South Africa, also face long-distance shipping problems of increased costs and quality maintenance.

Market development for Western U.S. citrus has put principal emphasis on top-quality fruit and highly selective advertising.

The California-Arizona citrus industry maintains strict quality controls on its overseas shipments from tree to grocer to ensure top-grade exports. Teams of fruit inspectors keep an eye on the fruit as it is harvested and packed in this country. For the past 3 years, a U.S. citrus expert has been sent to Europe each spring to check U.S. fruit as it arrives in West Germany, the United Kingdom, the Netherlands, or Scandinavia. There, the fruit is subjected to an intensive appraisal to see that its quality and condition compare favorably with competing supplies from Israel, Spain, or Italy, for example. Some shipments are followed through to the retailers on a spot-check basis. The specialist then returns to the United States to make recommendations on how to improve the competitive image of U.S. fruits.

Most of the promotion itself is focused on fresh fruit, especially lemons, and secondarily on such products as oils and juices. The industry has put the major portion of its advertising budget into movies and magazines, an emphasis that will probably be continued for the time being.

A 27-minute movie distributed last year, is, under agreement with United Artists, being shown as a short subject in movie houses throughout Western Europe. Now sound-tracked in French and German, the movie will be dubbed in additional languages this year and its distribution expanded. A shorter version is being made for schools. The films are also used on TV.

A special 4-page section in four colors was run in the three 1963 issues of International Fruit World, a leading fruit magazine with a wide international circulation. In essence a three-part story about Western U.S. citrus, the three sections will be assembled in a booklet and some 25,000 used for promotion purposes.

The five companies who make up the new organization, of course, advertise and otherwise promote their own brand names throughout Europe.

New Wheat Standards in June

Effective date of the revision of official U.S. standards for grades of wheat has been moved up from May 1 to June 1. The postponement was made to allow more orderly liquidation of the May "futures" contract—the last on the 1963 wheat crop—and provide more time to adapt price support procedures to the new standards.

The new standards—made after extensive consultation with all segments of the wheat industry—are expected to improve the world-wide competitive position of U.S. wheat by ensuring better quality in wheat exports.

U.S. Commodity Groups Are Exhibiting at Venezuela Fair

U.S. agriculture is participating extensively in the sixth annual Livestock Fair and Exposition now underway in Valencia, Venezuela. The most important annual fair in Venezuela, it is expected to attract some 200,000 visitors during its 6-day run, March 14-19.

The U.S. pavilion and motion picture showings depict phases of U.S. agriculture of particular interest to consumers and importers in Venezuela, an expanding market for a number of U.S. products. Four U.S. commodity groups have individual exhibits: Dairy Society International, U.S. Feed Grains Council, Great Plains Wheat, and Soybean Council of America.

U.S. beef and dairy livestock associations are participating through exhibits and activities. Three U.S. beef and dairy cattle specialists are acting as judges at the livestock show, and a number of special U.S. trophies and prizes are to be awarded. Competing at the Fair are two Brown Swiss heifers and two Holstein heifer calves, given by FAS to the Escuela Agronómica Salesiana, a top agricultural school in Venezuela, where they serve as a demonstration of U.S. purebreds.

Great Plains Wheat Award

Great Plains Wheat, Inc., an association of U.S. wheat growers cooperating with FAS in overseas market development, recently received Chile's highest honor, the Bernardo O'Higgins Grand Order of Merit for services to the people of Chile. The award ceremony at Santiago was attended by top U.S. and Chilean officials.

In making the award Minister of Public Health Dr. Francisco Rojas Villegas praised "the work of the American wheat farmers in helping raise the level of nutrition among Chilean school children and in aiding Chilean-North American relations."

During fiscal 1963, Chile's dollar purchases of U.S. wheat have gone to 80,600 metric tons from 13,600 the previous year, and its purchases under Title IV, P.L. 480, to 145,800 metric tons from none. The bulk of Chile's wheat imports from the United States in 1962 were under Title I.

China's Grain Imports Estimated at 1963 Level

Communist China will probably import about the same amount of grain in the first half of 1964 from Western countries as it did in the same period during the last 3 years. A tabulation of the amounts of grain included in recent purchase agreements reveals that China thus far has contracted for over 3.1 million metric tons—mainly wheat—to be delivered in the first half of the year.

Because of heavy world demand in the last half of 1963, China has been forced to seek grain from smaller suppliers than Canada and Australia, which were unable to supply all the grain it requested for 1964. Nevertheless, negotiations reported to have taken place with other countries indicate that China's total purchases in 1964 may approach the annual average since 1960 of about 5.5 million tons.

Switzerland's Rice Imports Show Slight Decline

Rice imports into Switzerland in 1963 at 29,926 metric tons, declined 7 percent from the year before but were the second largest since 1956. Semimilled rice accounted for 80 percent of the total, milled 13, and brokens 7.

About three-fourths of the total—mainly semimilled—came from Italy. Second largest supplier was the United States—principal source for milled rice—from which has greatly increased its shipments to Italy in the last 2 years. In 1963, nearly 5,770 tons came from this country compared with the average of 2,048 in 1956-60.

RICE: SWISS IMPORTS, BY COUNTRY OF ORIGIN, AVERAGE 1956-60, ANNUAL 1961-63

Country of origin	Average 1956-60	1961	1962	1963
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Italy:				
Semimilled	17.272	22.635	23.460	21.300
Milled	3,628	769	1,465	1,269
Total	20.900	23.404	24.925	22.569
Netherlands: milled	663	756	794	376
United States:				
Semimilled	458	1,777	1,823	1,908
Milled	1,590	1,701	2,930	3,858
Total	2,048	3,478	4,753	5,766
Other countries	1,850	1,519	1,782	1,215
Total	25,461	29,158	32,254	29,926

[1] Not separately reported.
Statistique Mensuelle du Commerce Exterieur.

South Africa Expects Smaller Corn Crop

The Republic of South Africa's 1964 corn harvest is expected to be less than the record outturn of 231 million bushels in 1963. The crop—at present in the tasseling stage—looks less favorable than at this time last year, because of severe drought suffered in the main producing region since December.

Exports from the record 1963 crop are expected to set an all-time high of 111 million bushels for the marketing season ending April 30, 1964, with Japan the largest buyer. Exports from the 1964 harvest are not expected to exceed the high level of the current season, and maintenance of that level would bring carryover stocks to the minimum desirable level.

Pulse Production Up in Chile

First estimates of the 1964 harvest of pulses currently underway in Chile indicate a near-record output of lentils, peas, and garbanzos. The bean harvest is below that in the last 4 years but above the 1955-59 average.

CHILE: PULSE PRODUCTION, 1955-59 AVERAGE, 1959-60 THROUGH 1963-64 ANNUAL

Period or years	Beans	Peas	Lentils	Garbanzos
	1,000 bags [1]	*1,000 bags* [1]	*1,000 bags* [1]	*1,000 bags* [1]
Average 1955-59	1,764	331	279	111
Annual:				
1959-60	1,923	174	410	89
1960-61	1,969	205	414	109
1961-62	2,033	219	364	108
1962-63	1,944	205	331	110
1963-64 [2]	1,898	225	432	117

[1] 100 pounds each. [2] Forecast.

Nearly all the 1963 supply of export-type beans has been shipped, and stocks of domestic consumption-type beans are normal.

Recent wholesale prices, f.o.b. ports, were as follows:

	Dol. per 100-lb. bag
Arroz beans	7.10
Cristoles beans	9.85
Small lentils	8.30
6 mm lentils	14.80
7 mm lentils	16.75
Peas, Green	2.95
Peas, Yellow	2.85

Spanish Import Fees for Corn and Barley

Information just received clarifies some details of the current Spanish regulations governing the importation of corn and barley by private firms. Under these regulations, which went into effect in November 1963 (see *Foreign Agriculture,* Dec. 2, 1963), import licenses are granted upon application subject to compensatory levies fixed every 2 weeks. Rates for the initial period were $0.106 per metric ton for barley and $4.06 per ton for corn. These imports by private firms are also subject to payment of a 1 percent import tariff and a 3 percent excise tax. No other import charges are involved under the regulation.

Italy Authorizes Butter Import Quotas

Early in 1964, Italy authorized import quotas for butter from four East European countries, totaling 4,078,000 pounds. These included, 1,102,000 pounds each for Bulgaria, Hungary, and Rumania and 772,000 from Poland. No new quotas for EEC or other non-Communist countries, including the United States, were announced. Butter imports are subject to the establishment of quotas and the issuance of licenses by the Italian Ministry of Foreign Trade.

Until the EEC Common Agricultural Policy Regulation

on dairy products goes into effect (probably on Apr. 1. 1964), it is expected that the issuance of butter import licenses will follow the pattern set during 1963 when butter import quotas were established periodically. Sometimes these import licenses applied to all countries; other times, only to a restricted area, as EEC countries, non-Communist countries excluding the EEC, or various Communist Bloc countries.

It is believed that lower dairy cow numbers and reduced production of milk and dairy products will necessitate regular butter imports in 1964, if domestic demands for butter at stable prices are to be met.

Italy Importing Cheese From Argentina

Italy, long a major producer and exporter of grating-type cheese, has recently had to purchase grating cheese from Argentina. While import licenses for over 300 tons were reported issued, imports have thus far approximated only 100 tons, mostly during October and November 1963.

Since 1961 Italian production of grating cheese has dropped by 10-15 percent. In the fall of 1963, it was reported that supply was insufficient to meet domestic demand. The price of Reggiano soared from 56.1 cents per pound in August 1962 to 66.7 cents in August 1963 and to 72-76 cents during September and October 1963.

Argentina, on the other hand, has had an abundance of cool, wet weather, extremely favorable to good pastures and milk production.

Japan Considers Buying Nigerian Peanuts

The Government of Japan is considering allocating foreign exchange funds for the purchase of peanuts from Nigeria to balance trade between the two countries. Government officials estimate that about 15,000 metric tons will be imported for oil extraction compared with last year's 500 tons.

Officials indicate that this big increase might cause processors some problems in selling the oil as well as the meal. The oil will be used primarily for human consumption, and the meal, mostly for fertilizer, with perhaps small quantities for feed. While officials agree that soybeans would meet Japanese needs better than peanuts—primarily because of the increasing demand for soybean meal—they are obliged to consider the total trade picture of Japan.

Japanese officials estimate that imports of Chinese soybeans this calendar year will be from 300,000 to 350,000 tons (11.0 to 12.9 million bu.). They report that oil crushers will buy and use Chinese beans at a price $3.00 to $6.00 a ton below that for American soybeans. Although soybeans from Communist China, South Africa, and Brazil are expected to provide more competition to U.S. soybeans in the Japanese market during the next several years, total U.S. exports of soybeans to this growing market are also expected to increase. (*Foreign Agriculture,* Feb. 10, 1964, pp. 14-15.)

Yugoslav Edible Vegetable Oils Situation

Yugoslavia's outturn of edible vegetable oils in 1963-64 will increase sharply from 1962-63, according to estimates by the Federal Food Administration. Oil from sunflowerseed, the traditional oilseed crop, will account for most of the increase, reflecting larger plantings of Russian varieties of seed which are said to be superior in yield and oil content.

The Administration's forecast indicates that domestic production of edible vegetable oils in Yugoslavia will increase by nearly one-half from 1962-63, and overall consumption of edible oils by 13 percent. No edible oil is exported from Yugoslavia.

Because of the rise in domestic production of sunflowerseed, which is largely processed for oil, imports in 1962-63 and 1963-64 account for less than a third of total consumption compared with about half in the 2 previous years. Nevertheless, purchases of U.S. edible oils, largely soybean oil under Public Law 480, have been requested. These will amount to nearly 40,000 tons in 1963-64 compared with 31,400 in 1962-63 and 36,800 tons in 1961-62.

YUGOSLAVIA: EDIBLE OILS, SUPPLY AND DISTRIBUTION, 1959-63 [1]

Item	1959	1960	1961	1962	1963
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Supply:					
Beginning stocks	14.3	49.1	39.7	39.1	25.1
Production	29.0	24.8	45.7	65.8	97.0
Imports:					
United States [2]	71.3	33.1	36.8	31.4	[3]39.7
Others [4]			6.2	1.6	—
Total	71.3	33.1	43.0	33.0	39.7
Total supply	114.6	107.0	128.4	137.9	161.8
Distribution:					
Consumption	65.5	67.3	89.3	112.8	127.8
Ending stocks	49.1	39.7	39.1	25.1	34.0
Total distribution	114.6	107.0	128.4	137.9	161.8

[1] Year beginning July 1. [2] Largely soybean oil. [3] Includes P.L. 480 request for 33,069 tons of edible oil and 6614 tons of hydrogenated oil. [4] Includes some olive oil.
Yugoslav Federal Food Administration.

India's Peanut Crop Up Slightly

India's 1963-64 peanut crop is estimated unofficially at 4.7 million metric tons, unshelled, from about 17 million acres, compared with 4.6 million tons from 16.4 million acres in 1962-63. Relatively high prices on peanuts and peanut products in 1962-63 had encouraged producers to increase peanut plantings. The growth of the crop was generally satisfactory except for some damage caused by pest infestation or by excessive rains in some areas and scanty rains in others.

India's earnings from exports of peanuts and peanut products during the first 11 months of calendar 1963 totaled about Rs400 million (U.S. $84 million) against Rs339 million (U.S. $71 million) in all of 1962. These earnings—second highest in the post-independence period—came mostly from increased exports of peanut oil and de-oiled peanut meal.

Peanut oil exports, at 65,382 metric tons, were almost double those in calendar 1962 (*Foreign Agriculture,* Oct. 28, 1963). Almost half the total—31,320 tons—went to Spain.

Exports of de-oiled peanut meal, at 663,653 tons, were 8 percent above the total in 1962. Of this quantity, 265,576 tons went to the United Kingdom. The bulk of the remainder went to Hungary, Poland, Eastern Germany, Yugoslavia, and Czechoslovakia, all of which have rupee payment arrangements with India.

Exports of peanuts (shelled basis) during January-November totaled 28,769 tons compared with 37,608 in

calendar 1962. Exports of peanut cake amounted to 32,816 against 33,024, and those of vanaspati (hydrogenated edible oil, mostly peanut oil) to 3,736 against 2,843.

Total availability of oilseeds and vegetable oils in India during the current marketing year will be smaller than a year earlier, and because of growing domestic demand, the prevailing high prices of peanuts and peanut oil are likely to persist. Export business in Indian peanut oil had come virtually to a standstill as of late February. While shipments of peanut oil to Spain are expected to decline this year, exporters are hopeful of selling substantial quantities to East European countries, especially the USSR. The State Trading Corporation of India is expected to export a sizable amount to Burma, also. Total shipments of peanuts and peanut products during calendar 1964 are estimated as follows: Peanuts (shelled basis), 25,000 tons; peanut oil, 50,000; and de-oiled peanut meal, 800,000.

Australia's Oilseed Output Expected To Increase

Australia's production of oilseeds is expected to increase appreciably in the next few years. Protection by higher tariffs, particularly for oilseeds that are the source of drying oils, is expected to be the major factor. However, improved cultural practices and development of higher yielding oilseed varieties also will be important.

The industry considers that tariff protection for linseed oil is currently adequate but fears that a substantial proportion of its normal market could be lost through substitution by imports of the less-protected safflower and soybean oils.

Following petitions for emergency protection from producers and crushers, the Special Advisory Authority in late December 1963, granted additional protection. It was in the form of sliding-scale supplementary duties on imported soybean and safflower oils, based on fixed f.o.b. prices.

Australian flaxseed production has expanded sharply in the last 2 years, and the 1963-64 output is now estimated at 1,075,000 bushels, up 6 percent from a year earlier though not as large as forecast earlier. The increased volume of linseed oil from the crop plus rising production of alternative oil, such as safflower oil from domestically grown seed, is expected to bring oil production closely in balance with industrial requirements. Accordingly, imports of linseed oil in 1964 will tend to be small, probably only 2,000 to 3,000 tons.

Increased interest in flaxseed as a crop is expected to stimulate further expansion in 1964-65. In the immediate future, growth is likely to occur in New South Wales, where several crushers have been competing to popularize the crop and contract for deliveries. The erection of crushing mills and storage facilities for bulk handling is believed by some to have laid the groundwork for a vast expansion scheme.

U.S. Imports More Livestock Products in 1963

U.S. imports of all major categories of livestock and meat products, except live cattle, rose sharply in 1963.

Most notable increases were in purchases of beef and veal, pork, lamb, variety meats, and wool.

In 1963, imports of beef and veal increased 16 percent, to 1,123 million pounds, and those of pork rose 3 percent to 210.5 million. Lamb imports recorded the biggest percentage gain—44 percent—to 19 million pounds. Total red meat imports at almost 1.5 billion pounds, were up 13 percent; wool imports increased 2 percent to 277 million pounds, and hides and skins remained about the same.

Imports of live cattle numbers declined sharply in 1963. Takings were 32 percent less than the previous year.

LIVESTOCK PRODUCTS: U.S. IMPORTS OF SELECTED ITEMS, DECEMBER 1963, WITH COMPARISONS
(Product weight basis)

Item	December		January-December	
	1962	1963	1962	1963
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh and frozen bone-in	1,992	1,127	18,768	19,947
Fresh and frozen boneless	72,133	76,507	815,879	940,330
Canned, including corned [1]	8,415	9,310	83,707	113,363
Pickled and cured	8	44	527	632
Veal, fresh and frozen	3,515	2,932	25,511	26,429
Other meats [2]	910	644	23,126	22,213
Total beef and veal	86,973	90,564	967,518	1,122,914
Pork:				
Hams and shoulders, canned	10,989	13,019	131,276	141,311
Other pork [3]	6,630	5,563	72,510	69,138
Total pork	17,619	18,582	203,786	210,449
Mutton	11,103	6,233	64,991	62,867
Lamb	1,566	1,306	13,138	18,924
Other meats [4]	0	638	0	2,100
Total red meat	117,261	117,323	1,249,433	1,417,254
Variety meats [5]	406	814	3,060	4,976
Wool (clean basis):				
Dutiable	14,464	10,426	126,026	109,197
Duty-free	12,830	14,754	143,493	167,962
Total wool	27,294	25,180	269,519	277,159
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	25	17	413	361
Calf	30	65	669	875
Buffalo	20	38	730	586
Kip	49	62	778	1,037
Sheep and lamb	823	1,361	27,482	26,310
Goat and kid	989	1,150	14,370	14,774
Horse	27	17	488	415
Pig	91	128	1,592	989
	Number	*Number*	*Number*	*Number*
Live cattle [6]	201,426	101,701	1,250,029	847,664

[1] Includes sausage in airtight containers beginning September 1963. [2] Other meat—canned, prepared, or preserved. [3] Fresh or frozen: hams, shoulders, bacon not cooked; sausage, prepared and preserved. [4] New classification as of September 1963. [5] Includes edible meats and sausage, except pork and beef beginning September 1963. [6] Includes cattle for breeding.

U.S. Dept. of Commerce, Bureau of Census.

Argentine Cattle Shortage Troubles Meatpackers

In a meeting with Argentina's President Illia on February 15, representatives of 30 Argentine meat packinghouses voiced grave concern for the export industry's supply prospects. Following 3 years of high slaughter due in part to drought, cattle deliveries to market are exceptionally low. Breeders are now taking advantage of good grazing conditions to fatten their animals and build up their herds.

The meatpacking representatives asserted that cattle offers in recent weeks have been running no more than 60 percent of normal; that as the result of the shortage and the heavy buying for domestic consumption local cattle prices have been bid up beyond the break-even point for meat exports; and that the export meatpackers are working at low percentages of capacity and losing money. They urged the President to prohibit cattle slaughter and local meat sales during 2 days a week. Unless domestic beef consumption is cut back, they argued, the country's beef exports

this year will be much reduced from those of 1963, and the meatpackers will have to lay off thousands of workers.

The exporters are unable to obtain enough cattle to fulfill their overseas contracts, and competitive bidding is pushing cattle prices higher and higher. Presumably, however, the situation could change quickly when animals currently withheld for further fattening come to market. When a good flow begins again, there should be corresponding relief for the meatpackers. However, the process of rebuilding herds will inevitably reduce cattle marketings for some time.

U.K. Lard Imports Rise in 1963

Imports of lard into the United Kingdom totaled nearly 500 million pounds in 1963, up 12.5 percent from the previous year.

The United States was the principal beneficiary of the increase, supplying 86 percent of total imports. This lard, almost all imported in bulk tanks, was in strong demand as an ingredient in the manufacture of margarine and compound cooking fat.

While imports from the United States rose sharply, receipts from all other sources declined, particularly those from Poland and Belgium. West Germany was the only major supplier, other than the United States, that sent more lard in 1963 than in the previous year.

UNITED KINGDOM: LARD IMPORTS BY COUNTRY OF ORIGIN, ANNUAL 1962 AND 1963

Country of origin	1962 Quantity	1962 Percent of total	1963 Quantity	1963 Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	343,208	77.2	429,424	85.9
France	23,785	5.4	21,791	4.4
Denmark	17,307	3.9	14,829	3.0
Belgium	23,263	5.2	11,096	2.2
Germany, West	7,055	1.6	10,103	2.0
Netherlands	7,044	1.6	4,314	.9
Sweden	4,166	.9	4,210	.8
Poland	17,265	3.9	3,360	.7
Others	1,201	.3	787	.1
Total	444,294	100.0	499,914	100.0

Henry A. Lane & Co., Ltd.

Canadian Hog Slaughter Increasing

The Canadian Department of Agriculture forecasts substantially increased hog marketings throughout 1964.

Weekly marketings for all of Canada are estimated at 140,300 head for the first 3 months of the year—1 percent above the last forecast for this period and 12 percent above marketings in the same period of 1963. Contributing to farmers' intentions of increased farrowings is a larger total supply of feed grains at not much change in feed costs from a year ago.

It is estimated that marketing of hogs during the second quarter of 1964 will increase 9 percent over the same period in 1963 and that weekly marketings will average about 133,200 head. Marketings during the last half of 1964 are expected to average 134,500 weekly, 6 percent over the same period in 1963.

Africa Produced More Sisal in 1963

Sisal production in East Africa totaled 263,746 long tons in the first 11 months of 1963, 11,502 tons more than in the same 1962 period. Kenya and Uganda accounted for the increase, with a combined output of 65,214 tons compared with 53,672 in 1962. Production in Tanganyika fell 40 tons to 198,532.

Uganda Increasing Vanilla Production

Vanilla bean cultivation is being viewed with increased interest in Uganda. Although production is now very small compared with that of other world producers, acreage is being expanded, and officials are encouraged by the fact that diseases confronting other growers are currently nonexistent. The Uganda Corporation has recently concluded a deal in which a large U.S. importer will take the entire output from its 300 acre plantation. The United States bought 1,323 pounds of Uganda's vanilla beans in 1963.

Malagasy Republic Reduces Vanilla Prices

The Malagasy Republic—world's largest producer of vanilla beans—lowered minimum export prices for vanilla from US$13 to US$10 per kilogram to bring prices more in line with those charged by competing suppliers. The Republic is now holding 200 metric tons of unsold 1962 stocks. With the large 1963 crop being readied for market, inventories are expected to be increased to over 1,000 tons, representing about a year's supply of world requirements.

The United States, the world's largest vanilla consumer, took 80 percent of its 1963 imports of 483 tons from the Republic.

Guatemala's Cigarette Output Rises

Cigarette output in Guatemala continued upward through 1963. Production last year totaled 2,005 million pieces, 4.9 percent above the 1,912 million produced in 1962. Output of cigars, at 70 million pieces, was slightly larger than the 1962 level of 68 million and the same as that of 1961.

Sales of filter-tipped cigarettes in Guatemala during 1963 are reported to have risen sharply, accounting for about 22 percent of total sales. This upward trend is expected to continue, with filter-tips possibly accounting for 35 percent of total cigarette sales this year. In recent years, dark-type cigarettes have been fairly stable at 58 percent of total sales with the remaining 42 percent in light types. The growth in filter-tipped sales has not affected these percentages; it has all taken place in light-type cigarettes with filter-tipped supplanting non-tipped brands. Two additional new filter-tipped brands have been introduced since last Fall—"Gala" and "Delmar"—which retail for the equivalent of 20 U.S. cents per pack. Currently, a new king-size filter-tipped brand, which will retail also for 20 cents a pack, is being market-tested.

Brazil Expects Smaller 1964 Tobacco Harvest

The 1964 tobacco harvest in Brazil is currently forecast at 360.4 million pounds—about 12 percent less than the estimate for the 1963 crop, recently revised upward to a record 411.8 million. The smaller harvest this season, despite increases in planted acreages of both cigarette and cigar types of tobaccos, was the result of excessive rains and some hail damage, which lowered yields as well as reducing the quality of the crop.

The 1964 harvest of flue-cured is forecast at 142.6 mil-

ion pounds from 71,900 acres, compared with 158.7 nillion from 71,400 acres for last season. Production of ›urley is estimated at 5.9 million pounds—up 20 percent rom the 1963 harvest of 4.9 milion. Planted acreage of ›urley rose to 6,200 acres from 5,500 in 1963. Despite a ;light increase in planted acreage, the estimate for native ıir-cured types is down—only 50.0 million pounds, com›ared with the 1963 harvest of 69.6 million. Production ›f Bahia cigar leaf, forecast at 59.5 million pounds, is down 10 percent from last year's 66.1 million, even though there was a 9 percent increase in planted area. Harvests of other cigar leaf and twist tobaccos are expected to be down 10 and 9 percent, respectively, from the 1963 harvests of 13.2 million and 99.2 million pounds.

U.S. Cigarette Exports Down Slightly

U.S. exports of cigarettes in 1963 totaled 23,615 million pieces—1.9 percent below those of 1962.

Principal foreign outlets for U.S. cigarettes in 1963 included Hong Kong, France, Kuwait, the Netherlands Antilles, Belgium-Luxembourg, and Singapore; each took at least 1 billion pieces. Countries purchasing between 750 million and 1 billion pieces included Gibraltar, Spain, and Peru.

The total export value of cigarette exports in 1963 was a record $106.5 million—just a little larger than the $106.3 million for 1962.

CIGARETTES: U.S. EXPORTS, BY COUNTRY OF DESTINATION, 1961-1963

Destination	1961	1962	1963	Percent change, 1963 from 1962
	Million pieces	*Million pieces*	*Million pieces*	*Percent*
Hong Kong	1,651	1,686	2,109	+ 25.1
France	1,574	1,466	1,341	— 8.5
Kuwait	848	1,085	1,187	+ 9.4
Netherlands Antilles	786	1,153	1,120	— 2.9
Belgium-Luxembourg	1,127	1,120	1,045	— 6.7
Singapore	993	1,038	1,030	— .8
Gibraltar	1,392	1,153	935	— 18.9
Spain	467	1,094	889	— 18.7
Peru	412	519	761	+ 46.6
Italy	741	814	720	— 11.5
Sweden	649	768	697	— 9.2
Uruguay	1,034	1,117	628	— 43.8
Morocco	534	772	618	— 19.9
Malaya, Federation of	361	319	616	+ 93.1
Australia	341	447	580	+ 29.8
Germany, West	627	563	533	— 5.3
Lebanon	363	381	533	+ 39.9
Switzerland	592	416	530	+ 27.4
Canary Islands	128	245	517	+111.0
Panama, Republic of	678	547	508	— 7.1
Netherlands	611	613	485	— 20.9
Denmark	425	481	474	— 1.5
Japan	406	311	469	+ 50.8
Ecuador	414	357	452	+ 26.6
Canada	281	207	236	+ 14.0
Colombia	339	201	174	— 13.4
Others	4,442	5,207	4,428	— 15.0
Total	22,216	24,080	23,615	— 1.9

Bureau of the Census.

Yugoslavia Buys More Indian Tobacco

India's exports of unmanufactured tobacco to Yugoslavia during January-October 1963 totaled 15.0 million pounds, or almost double the 8.2 million for the same 1962 period.

Flue-cured exports to Yugoslavia amounted to 13.0 million, at an average price equivalent to 26.6 U.S. cents per pound, compared with January-October 1962 shipments of 7.0 million at 11.4 cents. Virginia sun-cured (sun-cured tobacco grown from flue-cured seed) and Natu Desi sun-cured tobaccos for cigarette manufacture made up the rest of India's leaf exports to Yugoslavia during both periods.

USSR's Imports of Brazilian Tobacco Increase

Brazil exported 8.8 million pounds of leaf tobacco to the USSR during January-September 1963 at an average price equivalent to 21.1 U.S. cents per pound. The entire shipment reportedly consisted of Amarillo flue-cured tobaccos.

During all of the previous calendar year, Brazil had shipped only 4.8 million pounds of leaf tobacco to the USSR, valued at 22.2 cents per pound. This quantity also was reportedly almost all flue-cured.

Spain's 1963 Almond Crop Average, Filbert Crop Large

The 1963 almond harvest estimate of 28,000 short tons, shelled, is—as in earlier reports—equal to the 1956-60 average of 27,600 tons and considerably larger than the 20,000-ton 1962 crop.

Exports during the 1962-63 season totaled 15,100 tons, shelled basis. For the 1963-64 season, Spanish almond exports may reach 20,000 tons; through mid-January 1964 export shipments amounted to 11,200. In mid-February 1964, unselected Valencia almonds were quoted at about 68 cents per pound, f.o.b. Spanish port.

ALMONDS, SHELLED BASIS: SPAIN, SUPPLY AND DISTRIBUTION, 1961-63 [1]

Item	1961	1962	1963
	Short tons	*Short tons*	*Short tons*
Beginning stocks	6,000	2,000	1,000
Production	35,000	20,000	28,000
Total supply	41,000	22,000	29,000
Exports	33,800	15,100	20,000
Domestic disappearance	5,200	5,900	6,000
Ending stocks	2,000	1,000	3,000
Total disappearance	41,000	22,000	29,000

[1] Crop years, beginning Sept. 1.

The 1963 Spanish filbert harvest is estimated at 22,000 tons, unshelled basis, also unchanged from earlier reports. This season's production, the largest since the 1957 harvest of 24,000 tons, is well above the 13,500-ton 1962 crop. Average 1956-60 production was 18,500 tons.

Filbert exports from Spain during the 1962-63 season totaled 4,700 tons, shelled basis. Shipments during 1963-64 are expected to reach about 5,500, of which 4,100 had been shipped through mid-January 1964.

France Doubles Imports of U.S. Cotton

Imports of raw cotton into France during the first 6 months (August-January) of the 1963-64 season were 632,000 bales (480 lb. net), 4 percent above those in the first half of 1962-63. U.S. cotton accounted for 28 percent of total imports during the period under review, compared with 14 percent in the same period of 1962-63.

All branches of the textile industry have continued a steady expansion program due to favorable mill margins and domestic demand.

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Cotton consumption during the first 5 months (August-December) of the current season amounted to 517,000 bales. This was only slightly below the 522,000 bales used in the corresponding months of 1962-63 and 3 percent below average consumption of 534,000 bales in the past 5 seasons. Prospects for further increases in imports and consumption of U.S. cotton in France this season are favorable because of the competitive price position of U.S. cotton, reduced supplies of Mexican cotton, and a relative scarcity of selective grades of Middle Eastern cotton after heavy selling to Communist countries.

Quantities imported from major sources other than the United States in August-January 1963-64, with comparable 1962-63 figures in parentheses, were the United States 179,000 bales (86,000 bales); Franc Zone 113,000 (70,000); Mexico 72,000 (143,000); Brazil 39,000 (49,000); Peru 30,000 (22,000); Syria 27,000 (68,000); Egypt 23,000 (16,000); Greece 22,000 (19,000); Sudan 18,000 (22,000); and Turkey 18,000 (15,000).

Cotton stocks in France at the end of December were estimated at 250,000 bales, down 11 percent from beginning stocks of 280,000 last August 1. Most spinners have the bulk of their raw cotton requirements covered well into 1964; however, U.S. standard descriptions for nearby and early summer shipment are still in moderate demand.

Even though raw cotton stocks were further reduced during the August-December period, the continuation of relatively small stocks of both yarn and cloth, favorable mill margins, and order books well filled through May indicate that total consumption in the 1963-64 season may exceed that of a year earlier. However, the increased supply of cotton in the United States and its price stability, as foreseen by French mill operators, may discourage any sizable buildup of raw cotton stocks in France.

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